

52 WAR "FINANCE AS IT MIGHT HAVE BEEN

that time ready to do all that was asked from It for the cause of justice against the common foe ? The problem by which the Government was faced was this, that it had to acquire for the war an enormous and growing amount of goods and services required by our fighting forces, some of which could only be got from abroad, and some could only be produced at home, while at the same time it had to maintain the civilian population with such a supply of the necessities of life as would maintain them in efficiency for doing the work at home which was required to support the effort of our fighters at the Front. With regard to the goods which came from abroad, either for war purposes or for the maintenance of the civilian population, the Government obviously had no choice about the manner in which payment had to be made. It had no power to tax the suppliers in foreign countries of the goods and services that we needed during the war period. It consequently could only induce them to supply these goods and services by selling them either commodities produced by our own industry, or securities held by our capitalists, or its own promises to pay.

With regard to the goods that we might have available for export, these were likely to be curtailed owing to the diversion of a large number of our industrial population into the ranks of the Army

and into munition factories. This curtailment, on the other hand, might to a certain extent be made good by a reduction in consumption on the part of the civilian population, so setting free a larger proportion of our manufacturing energy for the pro-